PMA-273

T45 Contractor Logistics Support

April 2004

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Objective

- CLS and PBL (Performance Based Logistics)
- T-45 PBL contract

Performance-Based Logistics

INDUSTRY/ORGANIC

Support Provider

Buys Performance As a Package
(Including Surge/Flexibility

Weapon System Management

Warfighter/Force Provider

PA

PM

PA

Ensure System is Sustained at optimum Level per PA

Provide continuous, Reliable, affordable Support per PA

Acquisition ***Sustainment*** ***Disposal***

Visibility into cost/risk decisions across life cycle

PBL Characteristics

- Customer Focused – High Level Metrics
- Documents the negotiated range of support metrics necessary to meet operational objectives
  - **Expectations**
  - **Range of performance**
  - **Peace and War**
- Involves and is recognized by all appropriate stakeholders
  - **Service corporate structure**
  - **Logistics providers**
  - **Customers**
- Synchronizes allocated resources (corporate decision process) with service level expectations

T45 FY00 Contract Weaknesses

- **Actual vs. Projected Flight Hours**
  - Projections/actuals are now significantly lower than forecasted
  - We pay for the labor for many more FH's than we are flying.
- **RFT is not sufficient as sole availability metric**
  - RFT can be met with insufficient number of available aircraft (based upon % of A30 aircraft).
  - RFT Range (65%-75%) is not what CNATRA desires
- **No Labor Rates Established**
  - Requires every over and above action to be priced separately
- **CDFT/IMP must be re-negotiated every year due changes in scope.**
- **USN pays CLS Contractor estimated $1.2M "pass through" annually for engine OEM support**
  - Rolls Royce owns the proprietary technical data; performs depot work for CLS Contractor; provides tech support to CLS Contractor at O/I level; owns & provides parts forecasting model; and provides parts to CLS Contractor
- **Although a "PWS," there is much "how to."**

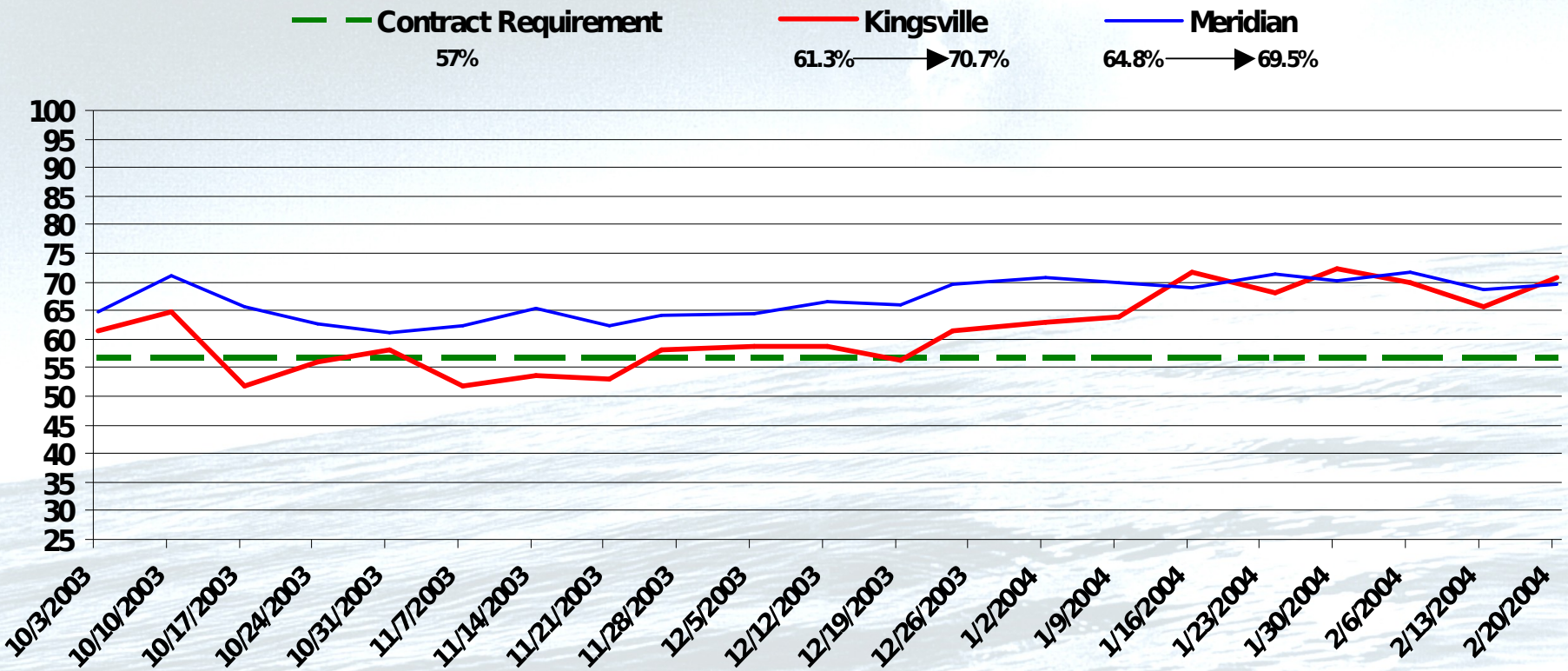
T45 CLS Solution

- **Performance Based Logistics (PBL) to maximum extent**
- **Break support effort into two separate contracts**
  - Competition for Airframe/GBTS CLS
  - Sole Source Power by the Hour (PbtH™) contract to Rolls Royce (OEM) for Engine support

T45 Airframe/GBTS CLS

- **Performance Based Logistics (PBL) philosophy**
- **Reduced number of CLIN's (from 32 to 14)**
- **Built around two Performance Based Work Statements**
  - Aircraft PWS
  - Ground Based Training System PWS
- **Customer and Industry active in writing both PWS's**
- **PWS combines Commercial Best Practices and OPNAVINST 4790.2**
- **CLINs Established for O/I and Depot Fixed Labor Rates**
- **Performance Incentives**
  - Performance Bonus ($5M annually)
    - Ready For Training (RFT)- 57%
    - Sortie Completion Rate (SCR)- 98%
  - Contractor Performance Factor (CPF) for GBTS
  - CPARS/IPARS Grading criteria for material condition of aircraft

T45 % Ready For Training



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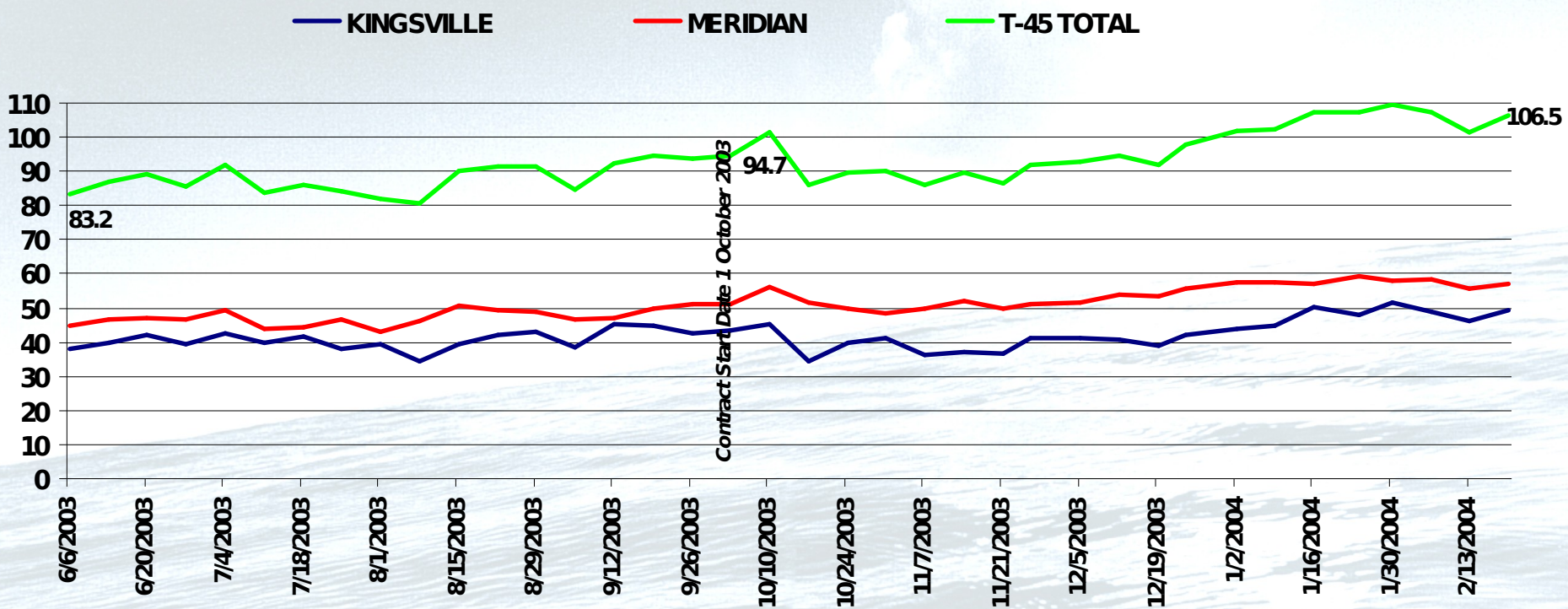
T45 A/C Ready For Training



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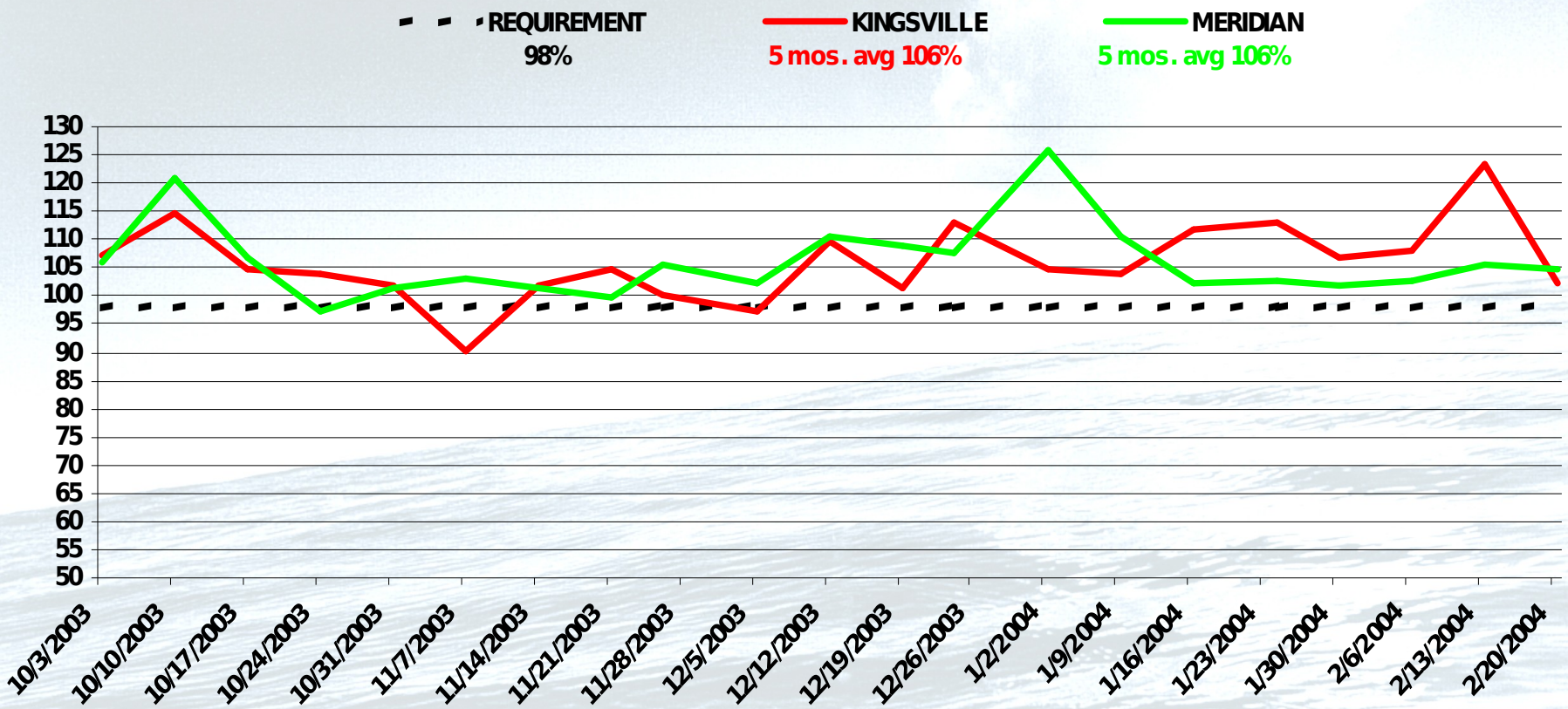
T45 Sortie Completion Rate



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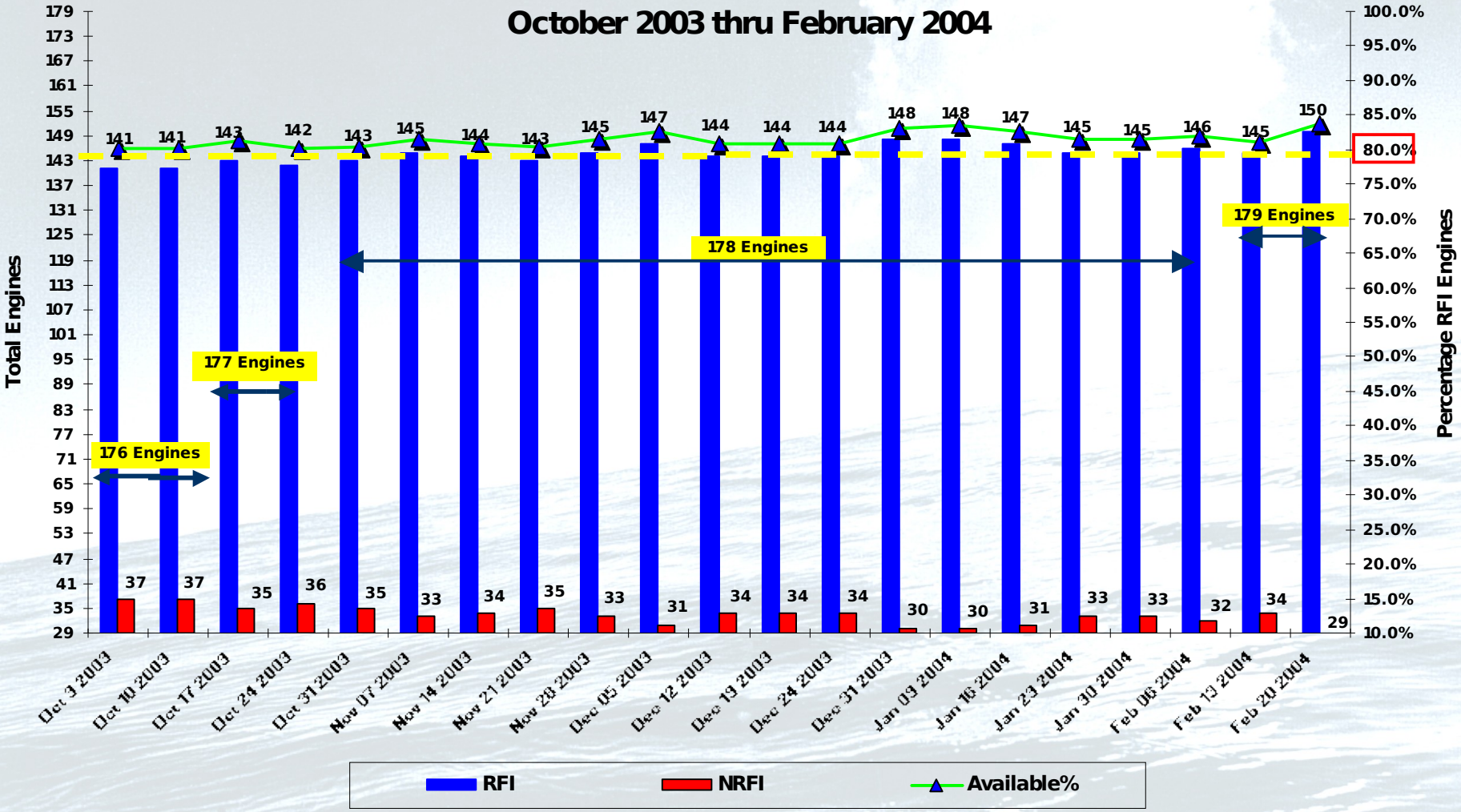
F405 Engine Support Approach

- **Break Out Engine support from Airframe/GBTS**
- **Sole Source Power by the Hour™ (FAR Part 12)**
- **PBL focused**
- **Single CLIN Contract with fixed price per flight hour**
- **Contractor has total support responsibility**
  - Intermediate and Depot (all “off-aircraft”) maintenance
  - Logistics support (parts forecasting, provisioning, LSA, pubs, supplier management)
  - Engineering support (RCM, EI’s, obsolescence management)
  - Support to O level (tech reps, PSE, pack up kits, training)
- **PbtH™ Results**
  - Guaranteed engine availability (80% FY04, 85% FY05 & out)
  - Stable fixed price budgeting
  - Low Risk
  - RR incentivized to improve engine performance and reliability

F405 RFI/NRFI Engines



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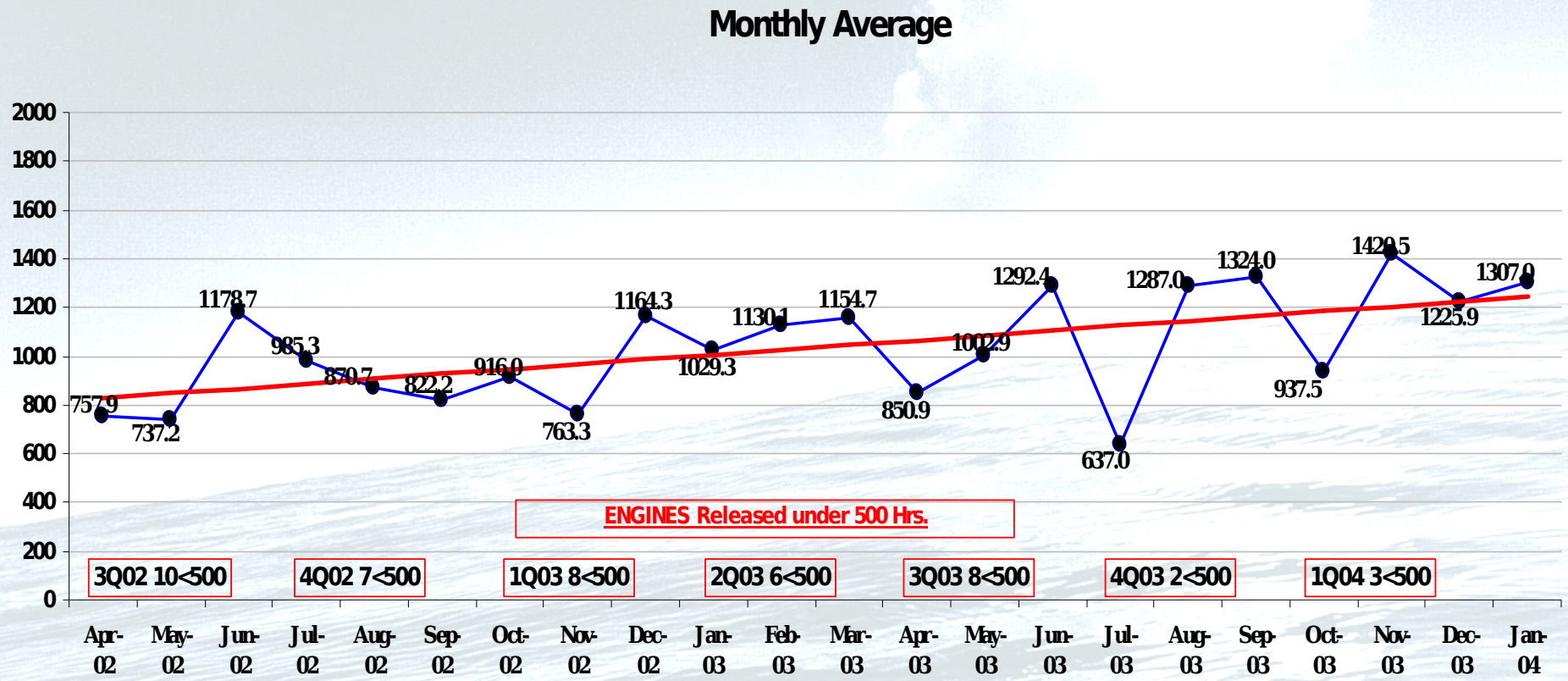
F405 Engine Release Life Comparison



FY04 Contract allows 40 Engines released with less than 500 Hrs
FY05 Contract allows 25 Engines released with less than 500 Hrs

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T45 CLS Report Card

- **Team formed to review how recent PBL implementation is working**
  - How is the program doing now?
  - Are there any unresolved issues?
  - Are there any lessons learned?

How's the T-45/F405 Program doing now?

- **Navy/Vertex relationship off to a good start!**
- **Maintenance backlog at NAS Kingsville is challenging**
  - *However*, No significant drop in RFT
  - Vertex meeting flight ops – *However,* not meeting contract incentive requirements

Are there any Unresolved Issues?

- **CLS Report Card identified some transition issues…**
- **Transition issues in work - have been added to the weekly "T45 Transition Conference Call".**
- **Examples:**
  - Rolls Royce (foreign national) access to Navy websites
  - Off-site Access to GOLD
  - Exit Inventories/Surveys

Are there any Lessons Learned?

- ***Yes!* CLS Report Card resulted in some lessons learned**
- **Lessons learned are being worked into transition PWS and added to current CLS contract, *and* shared across platforms**
  - For example, all parties agree that a period of at least 30 days for "**pass-down**" between the incumbent and new contract is imperative to a successful transition…"continuity of services"
  - Establish "**transition phone call**" immediately after contract award
  - Have **Inventories/Surveys** complete 2 months prior to contract end

T45 CLS Recap

- **T45TS Performance Based Contractor Logistics Support**
  - Reduced operating costs
    - We only pay for the performance we need
    - Leverage commercial best practices and systems
    - Decreased government infrastructure
  - Improved availability/readiness
  - Increased Contractor accountability